



**Umzumbe**  
MUNICIPALITY

# UMZUMBE MUNICIPALITY UMASIPALA WASEMZUMBE

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## OFFICE OF THE MAYOR

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### **MAYORS AMENDED BUDGET ADJUSTMENT PRESENTED BY THE MAYOR OF UMZUMBE CLLR S.R. NGCOBO**

Hon Speaker, Cllr MP Shozi  
Deputy Mayor, Cllr MPL Zungu  
Members of the Executive Committee  
Esteemed Councillors  
Esteemed Amakhosi Present  
Acting Municipal Manager and the entire Management  
Members of Community Present  
Ladies and Gentlemen  
I GREET YOU ALL

I am delivering this 2019/2020 draft budget speech in the midst of election mood that is currently roaming around the country. As we all know that on the 8<sup>th</sup> of May 2019 South Africans will filling the polling stations in quest to vote their preferred government. By the time we finalize 2019/2020 budget we will be having a new government in the country which will constitute the 6<sup>th</sup> parliament. I urge all those who registered to be encouraged to vote for their government of choice.

Makhansela ahloniphekile phezu kwalokho u ANC usasithumile ukuba siyosebenzela abantu bakithi eMzumbe. Yingakho kumele siphasise le budget ukuze umsebenzi uqhubeke ngenhloso yokushintsha izimpilo zabantu bakithi.

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March 2019

Udaba lomhlaba luseyinkinga kithina kanti liyasibambezela ekwakheni izindlu kodwa kuyajabulisa ukuthi ekuqaleni kuka April 2019 siyokwethula uhlelo lwezindlu ka Ward 6 & 7 njengoba uhulumeni wethu kungolalelayo uma abantu bethi siyacela. Kodwa sibheke ngabomvu ukuthi iphalamende kazwelonke iguqule u section 25 we Constitution ukuze kuthathwe umhlaba ngaphandle kwenkokhelo.

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The Finance Minister Hon Tito Mboweni delivered his maiden budget speech last month where he lamented spending patterns in the municipalities which incurred a lot of unnecessary expenditure in a time where our economy is not strong. Nathi as this Council kumele sibheke izinto eziningi kuya phambili ikakhulu into ye unauthorised and wasteful expenditure as highlighted by the Auditor General Kimi Makwetu kubo bonke omasipala e South Africa.

In our case Umzumbe municipality the application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality is grant dependent and it is 100% rural with high poverty and very low employment rates. It has to be noted that there has been a significant decline in the allocated grant amounts such as equitable share, MSIG and MIG. This has certainly put pressure on the municipality's budget. However the municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship.

The total budgeted revenue is R306 million. This is funded by government grants and subsidies of R184 million, interest from investments of R13,5 million, tender sales and other income of R600 thousand, rates income of R7,5 million and own funds of R100

million. The total operating expenditure budget is R210 million and the total capital expenditure budget is R95 million.

Umzumbe Municipality relies mainly on government grants and subsidies to sustain its operations.

Operational grants and subsidies amount to R184 million, R188 million and R207 million for each of the respective financial years of the MTREF, and accounts for a major source of total revenue budget. It needs to be noted that in real terms the grants receipts from national government are under constraints over the MTREF.

Investment revenue contributes just about 4 per cent to the revenue base of the municipality with a budget allocation of R13,5 million for 2019/20 year and projected R14 million and R15 million for the respective three financial years of the 2019/20 MTREF.

Tender sales, hall hire & other revenue of R600 thousand and rates income of R7,5 million also contribute to funding the budget.

### **Capital expenditure details**

The capital budget is R95 million which is funded mainly from MIG, Internal reserves & Equitable share grant. The major projects for the year include construction of roads, rehabilitation of community facilities, construction of a sport complex, construction of a learner's license testing center, upgrading of sports fields, construction of new municipal offices, purchase of plant and equipment and purchase of vehicles. The Technical services department has performed an evaluation exercise in terms of its assets management and maintenance plan. As a result the municipality has allocated 94 % or R89 million of the total capital expenditure towards renewals and upgrading of existing assets infrastructure. The municipality believes that this budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure.

Madam Speaker, it is important for Council to note that the main challenges experienced during the compilation of the 2019/20 MTREF can be summarized as follows:

1. The ongoing difficulties in the national and local economy;
2. Lack and poorly maintained roads infrastructure;
3. The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities;
4. Dependency on government grants;
5. Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
6. Affordability of capital projects;

In conclusion we may have challenges but I wish to quote our struggle hero Dr Nelson Mandela who said “I may seem impossible until it is done”. The challenge is upon us as we will embark on Budget Road shows from the 3<sup>rd</sup> of April to the 17<sup>th</sup> April 2019. This was a summary but details were sent with the Council agenda for more deliberations by Councillors

As we adopt this draft budget 2019/2020 I urge Councillors to be on the ground working with our communities. They must be our eyes and ears on the ground. They must be the 1<sup>st</sup> point of contact because going to elections there will be a lot of opportunists who will mislead people in driving a wrong narrative that ANC has not delivered. We must not be apologetic in showcasing the gains of the ANC at Umzumbe Municipality. We must also acknowledge where we have faltered and come up with turnaround strategy.

With those words I table this draft budget before this Council for deliberations and approval.

I thank you.